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USIB-D-44.5/1
29 September 1958
(Formerly IAC-D-53 Series)

UNITED STATES INTELLIGENCE BOARD

MEMORANDUM FOR THE MEMBERS OF USIB

SUBJECT: Final Report of the Economic Defense Intelligence Committee

1. Attached is the "Final Report of the Economic Defense Intelligence Committee (EDIC). Please note the recommendation in Section IV that EDIC be dissolved as a separate subcommittee of the IAC (now USIB) and reconstituted as a subcommittee of the Economic Intelligence Committee (EIC). We have been advised that the EIC has discussed this EDIC recommendation and concurs therein.

2. You will recall that the USIB at its first meeting on 16 September concurred in certain actions bearing on the future activities of committees and working groups established by the IAC and/or USIB. In Action I, b, these committees and working groups were instructed to "consider whether any changes in their existing organization or functions may be appropriate, and the Chairman of each group shall report thereon to the U.S. Intelligence Board." Through USIB-D-1./2, dated 19 September, chairmen of USIB committees and working groups were specifically requested to comply with this and other relevant phases of the USIB action. Because of the nature of the EDIC recommendation we believe that, as a practical matter, it might be considered as discharging the Committee's obligation to report to the USIB under USIB-D-1./2, even though the report had in fact been drafted prior to the formal USIB action.

3. To facilitate consideration of the EDIC recommendation we now propose to schedule both this report and the annual report of the EIC (IAC-D-22/8, 29 August) for review at the same USIB meeting. At that meeting the USIB will be asked to take the following action on the EDIC report: (a) note the report; (b) approve the action recommended by EDIC; and (c) agree that submission of this report discharges the obligation of the Chairman, EDIC, to report to the USIB under USIB-D-1./2.

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Executive Secretary

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S-E-C-R-E-T

NOFORN

FINAL REPORT

ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

NOFORN

S-E-C-R-E-T

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S-E-C-R-E-T

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3 September 1958

ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

FINAL REPORT

I. INTRODUCTION

The Economic Defense Intelligence Committee (EDIC) has completed more than six years of operation as a separate subcommittee of the Intelligence Advisory Committee. Originally designated the Intelligence Working Group (IWG), EDIC was established in 1952 as a subcommittee of the Intelligence Advisory Committee to serve the far-reaching intelligence needs of the Economic Defense Advisory Committee (EDAC).*/ The numerous EDIC (IWG) reports and documents issued during the past six years reflect the wide range of coordinated intelligence support which has been provided to the economic defense community (TAB A). However, a listing of these reports and their date of issue indicates a gradual change in the nature of this support from servicing general, current intelligence requirements of the EDAC community to furnishing coordinated intelligence reports for major industries and industry groups. This change has resulted largely from the operational urgency of the economic defense community's requirements for intelligence support which has often precluded coordination through EDIC and prompted the agencies concerned with the economic defense program to elicit intelligence support directly from those intelligence agencies primarily responsible for the subject matter involved in accordance with the allocation of economic intelligence responsibilities outlined in DCID 3/1 (formerly DCID 15/1). Under these arrangements, the economic intelligence community has continued to provide substantial support over the past few years to the economic defense program.

Operational urgency appears to dictate the continued need for direct agency support of economic defense intelligence requirements. As a result and consonant with the trend established in the past few years, future EDIC activities are likely to be concentrated on the support of specialized long-run intelligence requirements of the EDAC community. As such, EDIC activities would be comparable, in the field of economic defense intelligence, to the activities of the different subcommittees of the Economic Intelligence Committee (EIC) in the field of general economic intelligence.

*/ IAC-D-53/1, 25 July 1952, as amended by IAC-D-53/3.1 of 25 February 1953.

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II. SUMMARY OF ACTIVITIES

A. EDIC Reports

During the past year, intelligence support to the US economic defense program has related primarily to the formulation of a United States position with respect to the CHINCOM and COCOM trade control lists and the support of United States Delegations in international negotiations on these lists. This assistance was provided primarily by individual departments and agencies, and for the reasons indicated above, EDIC was not involved. However, EDIC did produce a number of coordinated intelligence studies in response to specific requests from the economic defense community. In response to Department of Commerce requests for coordinated intelligence support, EDIC has prepared papers on the "Availability of Diamonds in the USSR (revised)," "The Glass Fiber Industry in the Sino-Soviet Bloc," "Sino-Soviet Bloc Supply of and Requirements for Phthalic Anhydride," and has recently completed (1959 Fiscal Year) reports on "The Tire Industry in the Sino-Soviet Bloc" and "The Petrochemical Industry in the USSR."

In response to a requirement levied by EDAC Working Group II (Application and Enforcement), EDIC prepared a coordinated intelligence report on "The Significance of Sino-Soviet Bloc Imports of Cobalt from the Free World" and a report on "Sino-Soviet Bloc Purchases of International List I Nickel." Studies were also completed on "The Strategic Importance of Aluminum and Its Source Materials (including bauxite) to the Sino-Soviet Bloc" and "Radio and Television Transmitters."

B. Planning Intelligence Support for Economic Warfare Activities

The IAC directed, in D-96/2 dated 3 April 1956, its subordinate committees to examine their respective wartime missions and functions. Accordingly, during FY 1956-1957 EDIC held general discussions concerning the organization of intelligence support for economic warfare activities. The Committee was unable to develop a definite plan of operation, however, because little information was available with respect to the specific intelligence requirements of the directing and coordinating Emergency Economic Warfare Agency and the responsible action agencies.

In mid-1957, the Office of Civil and Defense Mobilization, charged with the national responsibility of mobilization planning, set up a Joint Committee on Mobilization Planning for Foreign Economic Measures. Under its aegis, a General Committee and an Executive Committee on Mobilization

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Planning for Economic Warfare were established. The Chairman of EDIC, the CIA member of this General Committee, therefore, has consulted during the past year with OCDM officials for the purpose of defining EDIC participation in this field. He has also discussed the subject of intelligence support with several CIA consultants who were engaged in economic warfare activities during World War II.

In this framework, the drafting of mobilization plans for inter-agency intelligence support for economic warfare will soon be initiated. These preliminary plans probably will be tabled for EDIC consideration before the end of 1958.

III. FUTURE ACTIVITIES

Whatever the ultimate organizational structure under which EDIC will operate may be, its mission and functions will remain much the same as they have been up to now. EDIC (or its successor) will continue to serve the intelligence needs of the economic defense program essentially as outlined in its terms of reference. In view of the current trend towards expanding trade with the Sino-Soviet Bloc in "peaceful goods" and the relaxation of COCOM controls resulting from the recent review of the International Lists, the Department of Commerce Advisory Committee on Export Policy (ACEP) and its Operating Committee (OC) will re-examine US security export controls toward the European Soviet Bloc. Under these circumstances, EDIC (or its successor) will receive further requests for intelligence support for ACEP/OC policy and program determinations.

EDIC will continue to carry out the planning necessary to insure intelligence support and coordination in the field of economic warfare under wartime emergency operations.

IV. RECOMMENDATION

Recognizing the reorientation of the Economic Defense Intelligence Committee's activities, as discussed in section I, members of EDIC, speaking for their respective departments and agencies, agree that EDIC's responsibilities would be carried out more appropriately within the structure of the Economic Intelligence Committee. The Chairman of the Economic Defense Advisory Committee, Admiral DeLany, has indicated that the merger of EDIC into the EIC structure would "undoubtedly be satisfactory to EDAC." It

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is therefore recommended to the IAC that EDIC be dissolved as a subcommittee of the IAC and that it be established as a subcommittee of the EIC.

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Chairman

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TAB A

INTELLIGENCE DOCUMENTS AND REPORTS

ISSUED BY EDIC (IWG) FROM ITS INCEPTION

THROUGH FY 1957

1952 - 1953

IWG/AM-4	Table of New Construction in Hand and on Order in Western Countries for USSR Merchant Fleet - June 1952
IWG/AM-9	Glycols - Item IL 1727
IWG/AM-10	Conveyor Belting and Item 310b - Power Driven Conveying Equipment
IWG/D-1	Danish Tanker APSHERON
IWG/D-2	Utilization of Soviet Bloc Merchant Shipping Intelligence by the United States Coast Guard
IWG/D-3	ONI Report on Western Shipyard Services to Soviet Merchant Fleet, 1 January - 30 June 1952
IWG/D-5	Soviet Metallurgical Techniques
IWG/D-6	Chronology of COCOM Transit Trade Discussions
IWG/D-7a	Specification Summaries for Soviet Ships Repaired in Antwerp Yards, 1949 - 1952
IWG/D-8c	Response to ODMS Questions Regarding Soviet Bloc Cobalt Position
IWG/D-12	J [redacted] 25X6A
IWG/D-19	Movement of Scrap Metals from the Middle East - 1952

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TAB A (con't)

IWG/D-31	Strategic Importance of Dichlorodifluoromethane (FREON 12) to the Soviet Bloc
IWG/R-1	Alleged Refuelling of Polish Ships with Iranian Oil
IWG/R-5	Communist China's Imports of Ammonium Sulfate
IWG/R-6	Report on COCOM Statistical Reporting
IWG/FE-1	Material for Use in the China Committee

Miscellaneous Information Documents - 19

1953 - 1954

IWG/R-7	Soviet Bloc Kyanite Position
IWG/R-8	Examples of the Role of Swiss Banks in Financing of East-West Trade since 29 August 1952
IWG/R-9	The Tractor Situation in the Soviet Bloc
IWG/R-10	Strategic Importance of Magnetic Recorders and/or Reproducers to the Soviet Bloc
IWG/R-11	Movement of Scrap Metal from the Middle East - 1952
IWG/R-12	Soviet Bloc Position in Steel Wire, Strand, Cable and Rope
IWG/R-14	Appraisal of Soviet Offers of Chrome, Manganese, Platinum, and Palladium to the United States
IWG/R-15	Indications of Soviet Bloc Vulnerability to Western Controls on Primary Aluminum
IWG/R-16	Final Report and Recommendations of the IWG Subgroup on External Financing Operations of the Soviet Bloc

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TAB A (con't)

IWG/R-17	Strategic and Security Implications Involved in the Proposed Shipment to the USSR of Marconi Television Transmitter
IWG/R-18	Stratigic Importance of Magnesium to the Soviet Bloc
IWG/ID-5	COCOM Review of IL-II Items: Information on Part A - Chemicals
IWG/ID-15	Indications of Soviet Bloc Vulnerability to Controls of West-East Movement of Boron Compounds
IWG/ID-25	Soviet Bloc Exports of Petroleum and Petroleum Products to the Free World
IWG/WP-2	Intelligence Collection and Analysis Required for a Study of the Soviet Automotive Situation
IWG/WP-5a	Draft Transmittal to the USDEL for use in COCOM of CIA Paper on "The Strategic Use Pattern of Lead in the Soviet Bloc"
IWG/AM-17	The Problem of Providing Intelligence for Licensing Consumer Goods to European Satellites
	Miscellaneous Information Documents - 27

1954 - 1955

IWG/ID-32	China's Trading Agency in East Berlin
EDIC/R-1	Final Report on "Soviet Production of Jeeps"
EDIC/ID-9	CIA/AFOIN/OIR Statement of "Strategic Significance of Indium to the Soviet Bloc
EDIC/ID-6	West European Exports of Copper Wire and Cable to the Soviet Bloc

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TAB A (con't)

EDIC/ID-13	Exports of Capital Equipment and Industrial Materials from the Soviet Bloc
EDIC/Case 3	Soviet Trade Trends and Tactics: "Soviet Bloc Exportation of Petroleum"

Miscellaneous Information Documents - 17

1955 - 1956

EDIC/ID-13 (Suppl. 1)	Sino-Soviet Bloc Exports of Machinery and Transport Equipment to the Free World, 1952 - 1954
EDIC/ID-15 (Revised)	Ad Hoc Working Group Report "Intelligence Relating to the Use of Boron Substances as Fuels"
EDIC/ID-16 (Revised)	Free World Deliveries of New and Used Ships to the Sino-Soviet Bloc in 1954 and Proposed Construction as of 1 July 1955
EDIC/ID-18	Proposal for Revision of Foreign Service Instructions for Reporting on Economic Relations with the Sino-Soviet Bloc
EDIC/ID-20	Soviet Gold Sales in Free World Markets, January - June 1955
EDIC/ID-23	Sino-Soviet Bloc Shipbuilding - Bibliography
EDIC/ID-24	Availability of Diamonds in the USSR

Miscellaneous Information Documents - 7

1956 - 1957

EDIC/ID-25	Soviet Gold Sales, 1955
EDIC/ID-26	Check Inability to Provide Catalytic Cracking Equipment for Syrian Refinery

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TAB A (con't)

EDIC/ID-28	Free World Deliveries of Ships to the Sino-Soviet Bloc in 1955 and Proposed Construction as of 1 January 1956
EDIC/ID-29	Propellants Seminar, 13-14 June 1956 "Liquid Propellants (with Appendixes Containing the Previously Unpublished Proceedings on Solid Propellants)"
EDIC/ID-30	Current Trends in Sino-Soviet Bloc Construction and Procurement of Merchant and Fishing Vessels
EDIC/ID-31	Supply and Use of Ion Exchange Resins in the Sino-Soviet Bloc

Miscellaneous Information Documents - 2

In addition to the above listed intelligence documents and reports, EDIC (IWG) also prepared a number of studies on the collection, collation, and dissemination of intelligence in support of the economic defense program. The most important of these studies are:

IWG/CI-2 (1953)	Establishment of Procedure of Processing Current Economic Defense Intelligence
IWG/ID-4 (1954)	Transmittal of Report on "Survey of Collection of Economic Defense Information in Western Europe"

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TAB B

Completed EDIC Intelligence Documents

1 July 1957 to Date

Designation*	Title	Date Issued
EDIC/R-4 (IAC-D-53/9)	Fifth Annual Progress Report of the Economic Defense Intelligence Committee	25 October 1957
EDIC/ID-24	Availability of Diamonds in the USSR (Revised). (In response to EDIC Case No. 21)	27 May 1958
EDIC/ID-32	The Significance of Sino-Soviet Bloc Imports of Cobalt from the Free World (In response to EDIC Case No. 25)	11 July 1958
EDIC/ID-33	Report of Combined EDIC Working Group and Technical Task Group on Radio and Television Transmitters. (In response to EDIC Case No. 22)	27 August 1957
EDIC/ID-34	The Glass Fiber Industry in the Sino-Soviet Bloc. (In response to EDIC Case No. 28)	9 April 1958
EDIC/ID-35	Sino-Soviet Bloc Supply of and Requirements for Phthalic Anhydride. (In response to EDIC Case No. 27)	14 April 1958
EDIC/ID-36	The Strategic Importance of Aluminum and Its Source Materials (including Bauxite) to the Sino-Soviet Bloc. (In response to EDIC Case No. 18)	28 April 1958

*R - Report (annual)

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EDIC/ID-37	The Tire Industry in the Sino-Soviet Bloc	16 July 1958
EDIC/ID-38	The Petrochemical Industry in the USSR	22 July 1958
EDIC/ID-39	Sino-Soviet Bloc Nickel Position, 1957	29 July 1958
EDIC/ID-34a	Synthetic Materials in Aircraft Production	5 August 1958

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TAB C

EDIC Memoranda

1 July 1957 to Date

EDIC/AM-27	Appointment of Executive Secretary	22 July 1957
EDIC/AM-28	Designation of Acting Chairman - EDIC	9 September 1957
EDIC/AM-29	Transmittal of EDIC Membership List	9 October 1957
EDIC/AM-30	EDIC Activities - April 1958	5 May 1958
EDIC/AM-31	Correction to EDIC/ID-24 (revised)	4 June 1958
EDIC/AM-32	EDIC Activities - May 1958	5 June 1958
EDIC/AM-33	Proposed Merger of the Economic Defense Intelligence Committee as a Subcommittee of the Economic Intelligence Committee	24 July 1958
EDIC/AM-34	EDIC Activities - June 1958	31 July 1958
EDIC/AM-35	EDIC Activities - July 1958	5 August 1958
EDIC/AM-36	Proposed Inclusion of EDIC within the Economic Intelligence Committee Structure	26 August 1958
EDIC/AM-37	Inclusion of EDIC within the EIC	12 September 1958
EDIC/AM-38	EDIC Activities - August 1958	12 September 1958

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TAB D

EDIC Cases Pending

Designation	Title
EDIC Case 6*	Firms Reportedly Purchasing and Operating Ships for Communist China
EDIC Case 7*	Export of Ortho-Toluidine to Communist China
EDIC Case 10*	Pattern of Soviet Bloc Strategic Exports to the West
EDIC Case 13**	Possible Soviet Bloc Use of Magnesium as Fuel
EDIC Case 15**	Soviet Bloc Position and Use of Perchloric Acid
EDIC Case 16**	Soviet Attempts to Procure Colloxylin
EDIC Case 20*	Borax Discovery in Tibet
EDIC Case 23*	Review of Sino-Soviet Bloc Supply, Technology, and Possible Military Applications of Polyethylene

* It is recommended that this case be dropped since the information requested has been provided through other intelligence channels. Unless any objections are transmitted to the Executive Secretary by 30 September 1958, these cases will be considered closed.

** The EDIC Working Group on Propellants and Fuel Additives recommends cancellation of these cases because the required information is not available. Unless any objections are transmitted to the Executive Secretary by 30 September 1958, these cases will be considered closed.

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